

### Private (Downtown) Projects Reviewed

The redevelopment and improvement of downtown buildings and sites continued. The following projects and signs were reviewed in FY 08:

*Projects* – Amherst College’s renovations and additions to Hitchcock House dormitory; La Piazza Ristorante’s new awnings and seasonal outdoor dining area including outdoor furniture and fabric barriers

*Signs* – Blue Marble, Downtown Bank of America Building, Prep Cosmetics, Amherst Cinema Building sign plan, Mr. Chicken, Arigato Restaurant, Adventure In/Adventure Out, Mango Mango, Bruegger’s Bagel Bakery, Unitarian Universalist Society, Survival Center.

The Board’s strong recommendations regarding an initial sign proposal by the Bank of America resulted in an improved proposal for signs at this central and highly visible location in downtown Amherst.

Respectfully submitted,

Janet Winston  
Design Review Board

## **FINANCE COMMITTEE**

Fiscal Year 2008

The Finance Committee advises the Town on matters affecting Town finances and makes transfers from the Reserve Fund to cover extraordinary or unforeseen expenses. The primary focus of the Committee's responsibility and work consists of adopting guidelines for managing the Town's money and recommending a comprehensive budget consistent with those guidelines to Annual Town Meeting. The Committee also recommends a course of action for any articles having financial implications that come before any Annual or Special Town Meeting.

The Finance Committee's recommended budget guidelines are presented in the fall to the budget-making authorities to provide them with information on the level of resources that are expected to be available for spending on operating and capital budgets in the next fiscal year, as well as the need to link spending limits to the need to accumulate and maintain appropriate levels of reserves in the form of Free Cash and the Stabilization Fund. The guidelines are developed from the Finance Director's projections of revenues and spending for the previous, current and next three to five fiscal years. Changes to the guidelines sometimes occur as new information about funding sources and service needs becomes available during the budget process. Such changes might be to the amount of available resources and/or to the proportion of the total going to different sections of the overall Town operating budget: municipal services, elementary schools, regional schools and library services.

### **A Multi-year plan**

The Committee remains convinced that the Town has a compelling need to develop a multi-year financial plan that addresses spending, revenue, and rebuilding reserves. The committee fully endorsed the efforts of the Budget Coordinating Group and the Facilitation of Community Choices Committee in engaging the public as part of the planning process.

### **Reserves**

The Town had been spending reserves to support operating budgets, in declining amounts, from FY 02 through FY 08. Currently, reserves represent roughly 5% of operating revenues and 5% is simply not enough to maintain critical and desirable Town services during the next, inevitable, economic downturn that will likely result in reduced state aid for the Town. The Committee is convinced that the Town should move to proactively increase reserves to help mitigate program and service cuts that would otherwise be required.

### **Fiscal year 2009 guidelines**

For FY 09, the committee initially recommended no spending of reserves, followed by several years of rebuilding them, and limiting FY 09 budget increases to 2% for the Municipal and Elementary School budgets, a 2% increase in tax support for the Library budget, and a 3% increase for the Regional Schools Assessment. As the budget process unfolded, it became clear that meeting the "no reserves" recommendation and the 2% guideline would require extremely deep cuts in the elementary schools, cuts that many deemed unwise given that a concerted effort was underway, through the Community Voices - Budget Choices public process, to develop a clear and supportable financial plan that addresses spending priorities and revenue generation preferences for the next five years. Within this context, the committee reluctantly agreed to the use of \$400,000 to support the FY 09 budget, and \$25,000 towards the 250<sup>th</sup> anniversary celebration of the incorporation of Amherst as a Town.

The use of reserves and additional revenue from an agreement with UMass and some surrounding towns for an increase in support for Ambulance Service, as well as a gift from Amherst College, allowed for the following Town Meeting-approved budget increases:

Elementary Schools	6.3% (includes a shift in transportation costs for Elementary students from the Region to the Town)
Regional Schools Assessment	0.1% (reflecting transportation shift)
Municipal Budget	3.6% (2% tax support increase, remainder reflecting additional new revenue)
Library Tax Support	2.0%.

### **Financial Policies**

One of the major accomplishments for the year was the compilation of many of the financial policies and best practices the Town follows to manage its resources. Until now, many of these policies were understood but unwritten or written but scattered throughout various documents and in various locations. Assistant Town Manager/Finance Director John Musante articulated and compiled them into one document which the Finance Committee then edited and adopted, with input from the elected boards of the Town.

### **Fiscal year 2008 Reserve Fund transfers**

The Reserve Fund is used by the Finance Committee to cover extraordinary or unforeseen expenses of the Town. An amount is appropriated at each Annual Town Meeting for this purpose. Most years, including FY 08, the appropriation has been \$100,000. When the Committee met on July 14, 2008, to make the necessary transfers from the Fund, \$99,065 was required, leaving \$935 unspent. That remainder closed to the Undesignated Fund Balance and became Free Cash. The Committee made one transfer of \$99,065 to Public Works to cover a deficit in the Snow and Ice budget.

### **Meetings**

The Committee held 40 meetings during the year, 7 of them immediately prior to Town Meeting sessions; 1 of them a combined meeting with the Select Board, School Committee and Jones Library Trustees; 1 of them a combined meeting with the Select Board, and School Committee; 1 of them a combined meeting with the Amherst Select Board and representatives from the other three Regional School District towns (Pelham, Leverett, and Shutesbury); and 1 public hearing to solicit public opinion on the FY 09 budget guidelines issued in November of 2007.

### **Members of the Committee**

Members who served diligently and with great thoughtfulness for the full fiscal year are Brian Morton (Chair), Kay Moran (Vice-Chair), Marilyn Blaustein, Alice Carlozzi, Douglas Slaughter and Andrew Steinberg. Paul Bobrowski resigned in February of 2008. The committee extended a heartfelt thank you to Alice Carlozzi upon her retirement from the committee after 15 years of service to the Town as a member and as a former chair of the Finance Committee.

### **Thanks.**

This was another difficult year financially for the Town, and consequently the Committee required a great deal of staff support to gather information and to present it to Town Meeting. Assistant Town Manager/Finance Director John Musante, along with staff of the Finance Department, provided necessary information about the Town's financial history and current

situation. His knowledge about state technical requirements, policies and politics continued to be most helpful. Maria Racca, Financial Analyst, organized information for us and also produced our reports, usually under acute deadline pressure. We rely on assistance of the Town Manager's office staff to help organize our operation. The committee's review and evaluation of the various parts of the Town's budget depends on the assistance of the Town Manager, School Superintendent, Library Director and members of their staffs, along with department heads and other staff responsible for municipal services. Contributions of the Select Board, School Committee and Jones Library Trustees are essential to arriving at an acceptable budget to recommend to Town Meeting. We thank them all for their generous assistance.

We are committed to organizing and presenting financial information to Town Meeting members in order to assist them in carrying out their duty to determine spending policies and appropriate funding for Town, School, Library, and Capital needs of the Town. We appreciate the comments and guidance they give us, both as individual members and as a group, the appropriating authority of the Town.

Brian Morton, Chair